



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERE-RP (405)


23 August 1994

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Homeowners Assistance Program (HAP) - Policy
Memorandum 92-213

1. Previous policy memorandums 92-2 and 92-2A concerned the authorization to allow refinancing mortgages after a base closure or realignment announcement.
2. Prior to March 1992, if a mortgage were entered into after an announcement, it generally was not acceptable under HAP. Exceptions were made, if an otherwise eligible applicant were under contract to purchase or build a home at the time of the announcement.
3. The intent of allowing refinancing of mortgages was solely for the benefit of applicants so they could lower their interest rates and consequently their monthly payments. The intent was not to allow applicants to add to their principal balance to raise it back to the point of the amount of liability at the time of the announcement.
4. As administrators of the HAP, we cannot waive or alter any authority granted by Congress. Payment of the amount of outstanding mortgages as contemplated in the public law intends that the government pay off the amount due and owing at the time of the government purchase, not what the balance was at the time of the announcement.
5. Accordingly, refinanced mortgages will only be acceptable if, at the time of the government purchase, the principal balance does not exceed what it was at the time of the refinancing. Any balance above that figure must be bought down before government acquisition. There are no provisions for a waiver of this policy.

FOR THE DIRECTOR:


DON C. CHAPMAN
Chief, Realty Services
Division
Directorate of Real Estate

CERE-RP (405)

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